

A.05-12-021 et al. TIM/hkr

Exhibit	5
CPUC Proceeding	A.05-12-002 et al
Sponsor/Witness	PG&E
Date Ident.	5/17/06
Recd.	5/17/06
Timothy Kenney Administrative Law Judge	

APPENDIX A

Exhibit 5

Exhibit 5 contains copies of the following electronic mail sent by Pacific Gas And Electric Company to the Service Lists for Investigation 06-03-003, Application 05-12-021, and Application 05-12-002:

- Email Sent on April 21, 2006, including attachments
- First Email Sent on April 28, 2006, including attachments
- Second Email Sent on April 28, 2006, including attachments

Kenney, Timothy

From: Torr, Angela C [ACT6@pge.com]
Sent: Friday, April 21, 2006 10:59 AM
To: Kenney, Timothy
Cc: keith.mccrea@sabl原因.com; jimross@r-c-s-inc.com; dhuard@manatt.com; pucservice@manatt.com; rochelle@a4nr.org; norman.furuta@navy.mil; mdjoseph@adamsbroadwell.com; mdjoseph@adamsbroadwell.com; hayley@turn.org; joe.como@sfgov.org; freedman@turn.org; nes@a-klaw.com; jsqueri@gmssr.com; edwardoneill@dwt.com; Golden, Patrick (Law); Service@spurr.org; dforkel@deltawetlands.com; phanschen@mofo.com; carriec@greenlining.org; pucservice@dralegal.org; clyde.murley@comcast.net; joyw@mid.org; gayatri@jbsenergy.com; jweil@aglet.org; rob@clfp.com; atrowbridge@downeybrand.com; atrowbridge@downeybrand.com; lmh@eslawfirm.com; pj@eslawfirm.com; rliebert@cfbf.com; deb@a-klaw.com; zango@zimmerlucas.com; eyussman@knowledgeinenergy.com; kjsimonsen@ems-ca.com; PUCservice@manatt.com; asteinberg@semprautilities.com; jpong@sempra.com; mk@utilitycostmanagement.com; james.lehrer@sce.com; KMelville@sempra.com; mrafferty805@charter.net; pk@utilitycostmanagement.com; attys@wellingtonlaw.com; annadel.almenbras@boj.ca.gov; clarence.binninger@doj.ca.gov; john.hughes@sce.com; scasey@sfgwater.org; filings@a-klaw.com; Niven, Andrew (Law); Moglia, Karen; Lamboy, Sandy; mmattes@nossaman.com; judypau@dwt.com; Shefler, Deborah (Law); jbattey@stewardshipcouncil.org; raj.pankhania@ci.hercules.ca.us; dbeyer@ebmud.com; mrw@mrwassoc.com; dmarius2@sbcglobal.net; rschmidt@bartlewells.com; robertg@greenlining.org; wendy@econinsights.com; chrism@mid.org; johnredding@earthlink.net; cmkehrrein@ems-ca.com; dgeis@dolphingroup.org; glw@eslawfirm.com; karen@klindh.com; david_white@transcanada.com; rwethera@energy.state.ca.us; Niven, Andrew (Law); Heiden, Gregory; Tudisco, Laura J.; Angelopulo, Paul; Los Angeles Docket; Ayanruoh, Bernard; Tang, Clayton K.; Lafrenz, Donald J.; Cadenasso, Eugene; Econome, Janet A.; Martin, Laura A.; Strain, Laura Lei; Rashid, Rashid A.; Pocta, Robert M.; St. Marie, Stephen; Kenney, Timothy; Burns, Truman L.

Subject: PG&E's response to ALJ Kenney questions re: Pension in A.05-12-021 & A05-12-002

ALJ Kenney,

Attached are PG&E's responses to the additional questions that you had asked for in your email dated April 19, 2006 for A.05-12-021 & A.05-12-002.

Thank you,

Angela Torr

<<ALJ Kenney questions 041906.doc>> <<Attachment 1.xls>> <<Attachment 2.xls>> <<Attachment 3.xls>>

Responses to ALJ Kenney's "A.05-12-021 & A.05-12-002 Questions re: the Pension Settlement Agreement" dated April 19, 2006:

1. The last two rows in the second column [of the table on page 11 of the pension settlement agreement (Exhibit 2)] show an annual revenue requirement that is slightly higher in 2007-09 compared to 2006. Why is the revenue requirement slightly higher in 2007-09?

Response: The estimated revenue requirements for the years 2007-09 increase due to the effects of the capitalization of a portion of the pension contribution each year. This results in an increase in rate base with a related increase in the revenue requirement for depreciation, rate of return, and associated franchise fees and uncollectibles (FF&U).

2. The settlement contemplates that PG&E will capitalize a portion of its annual pension contributions during 2006-09. This should result a steadily increasing rate base, at least for a few years, with a steadily increasing revenue requirement for depreciation, rate of return, and associated FF&U. However, the table on page 11 shows a flat revenue requirement during 2007-09. Can PG&E please provide a table in a similar format as the table on page 11 that shows the revenue requirement for the pension contributions that reflects the cumulative increase in rate base. Please also provide workpapers that show the calculation of the annual revenue requirement.

Response: The table below provides the revenue requirement for each of the four years 2006-09, reflecting increases due to increasing rate base. Attachment 1 provides the supporting workpapers for the 2008 and 2009 revenue requirements.

	As agreed to by Settling Parties			
	2006	2007	2008	2009
Total Contribution	\$273.2	\$176.0	\$176.0	\$176.0
Net Contribution, excl. VRI and Corp.	\$249.7	\$153.4	\$153.4	\$153.4
Total Company Revenue Requirement	\$176.5	\$111.3	\$115.2*	\$120.3*
GRC Lines of Business	\$155.0	\$98.2	\$101.7*	\$106.1*

*Estimated for illustrative purposes

The reason the pension settlement does not include a revenue requirement increase for the years 2008 and 2009 is because the pension-related increases illustrated in the table would be covered by PG&E's Attrition Rate Adjustments for those years.

Responses to ALJ Kenney's "A.05-12-021 and A.05-12-002 Second Request for Additional Information re: Pension Settlement Agreement" dated April 19, 2006:

1. A breakdown of the pension revenue requirement requested by PG&E prior to the settlement agreement for the years 2007, 2008, and 2009 that is in the same format as the table on page 3-A6 of Exhibit 4. Please include 2006 in the response.

Response: PG&E included a request for a revenue requirement associated with annual pension contributions for 2007-09 in its 2007 GRC Application (A. 05-12-002). The pension revenue requirement requested was updated by PG&E in Exhibit (PG&E-15), Supplement Pension Testimony, filed on February 10, 2006. Exhibit (PG&E-15) assumes that the revenue requirement of \$155.0 million that PG&E requested in its 2006 Pension Contribution Application (A. 05-12-021) that became effective in rates, subject to refund, on January 1, 2006, was approved in full. (Please note that PG&E did not request that Exhibit (PG&E-15) be received in evidence, due to the settlement. (Transcript page 9.)) Attachment 2 provides the estimated pension-related revenue requirement for the years 2007, 2008, and 2009.

2. The same as Item 1, but also reflecting the impact from the cumulative increase in rate base associated with pension contributions during 2006 – 2009.

Response: Attachment 2 reflects a revenue requirement that increases slightly each year to reflect that a portion of the annual pension contribution is capitalized each year, resulting in increasing rate base with a related increase in the annual revenue requirement for depreciation, rate of return, and associated FF&U.

3. A breakdown of the pension revenue requirement contained in the settlement agreement for the years 2006, 2007, 2008, and 2009 that is in the same format as the table on page 3-A6 of Exhibit 4.

Response: Attachment 3 provides the pension revenue requirement contained in the settlement agreement for the years 2006, 2007, 2008, and 2009.

4. The same as Item 3, but also reflecting the impact from the cumulative increase in rate base associated with pension contributions during 2006 – 2009.

Response: Attachment 3 reflects a revenue requirement that increases slightly each year to reflect that a portion of the annual pension contribution is capitalized each year, resulting in increasing rate base with a related increase in the annual revenue requirement for depreciation, rate of return, and associated FF&U.

ATTACHMENT 1
TABLE 1
Pacific Gas and Electric Company
2008 Pension Revenue Requirement
Calculation
(Millions of Dollars)

Line No.	Description	Amount	Calculation / Support
<i>Assuming Pension Settlement Terms:</i>			
1	2007 GRC Pension-Related Revenue Requirement, per Application filed Dec. 2, 2005	98.2	Declaration of P. Nordin
2	Total 2007 GRC Revenue Requirement	5,258.5	Table 3, Line 3
3	2007 GRC Pension-Related Revenue Requirement as a Percentage of Total 2007 GRC Revenue Requirement	1.87%	Line 1 / Line 2
4	2008 GRC Attrition	185.9	Table 3, Line 3
5	Calculated 2008 Pension-Related Attrition	3.5	Line 3 x Line 4
6	2008 GRC Pension-Related Revenue Requirement	101.7	Line 1 + Line 5
7	2008 Total Company Revenue Requirement	115.2	<1>

Note: <1> See ATTACHMENT 3 for calculation of amount.

ATTACHMENT 1
TABLE 2
Pacific Gas and Electric Company
2009 Pension Revenue Requirement
Calculation
(Millions of Dollars)

Line No.	Description	Amount	Calculation / Support
<i>Assuming Pension Settlement Terms:</i>			
1	2008 GRC Pension-Related Revenue Requirement, per Application filed Dec. 2, 2005	101.7	Table 1, Line 6
2	Total 2008 GRC Revenue Requirement	5,444.4	Table 3, Line 3
3	2008 GRC Pension-Related Revenue Requirement as a Percentage of Total 2007 GRC Revenue Requirement	1.87%	Line 1 / Line 2
4	2009 GRC Attrition	238.6	Table 3, Line 3
5	Calculated 2009 Pension-Related Attrition	4.5	Line 3 x Line 4
6	2009 GRC Pension-Related Revenue Requirement	106.1	Line 1 + Line 5
7	2009 Total Company Revenue Requirement	120.3	<1>

Note: <1> See ATTACHMENT 3 for calculation of amount.

ATTACHMENT 1
TABLE 3
Pacific Gas and Electric Company
2007 General Rate Case - Application - JanUpdate-Pension Settlement
Total GRC Attrition
Results of Operations at Proposed Rates
(Thousands of Dollars)

Line No.	Description	Test	Attrition Year		Attrition Year		Line No.
		Year 2007	2008		2009		
			Increase	Total	Increase	Total	
		(A)	(B)	(C)	(D)	(E)	
REVENUE:							
1	Revenue at Effective Rates	5,167,216	185,888	5,535,678	238,637	5,774,315	1
2	Less Non-General Revenue	91,287	-	91,287	-	91,287	2
3	General Rate Case Revenue	5,258,503	185,888	5,444,391	238,637	5,683,028	3
OPERATING EXPENSES:							
4	Energy Costs*	-	-	-	-	-	4
5	Other Production*	451,771	23,913	475,684	58,809	534,493	5
6	Storage*	-	-	-	-	-	6
7	Transmission*	10,118	248	10,366	280	10,646	7
8	Distribution*	643,315	11,857	655,172	14,655	669,827	8
9	Customer Accounts*	433,691	12,425	446,116	13,894	460,010	9
10	Uncollectibles	15,242	539	15,781	693	16,474	10
11	Customer Service*	15,579	459	16,038	509	16,547	11
12	Administrative and General*	752,642	28,272	780,915	34,584	815,498	12
13	Franchise Requirements	41,879	1,468	43,347	1,868	45,215	13
14	Project Amortization	6,476	-	6,476	-	6,476	14
15	Wage Change Impacts	-	-	-	-	-	15
16	Other Price Change Impacts	-	-	-	-	-	16
17	Other Adjustments*	(11,657)	-	(11,657)	-	(11,657)	17
18	Subtotal Expenses:	2,359,056	79,181	2,438,237	125,292	2,563,529	18
TAXES:							
19	Superfund	-	-	-	-	-	19
20	Property	138,013	4,925	142,938	4,832	147,770	20
21	Payroll	82,124	-	82,124	-	82,124	21
22	Business	832	-	832	-	832	22
23	Other	233	-	233	-	233	23
24	State Corporation Franchise	113,971	4,618	118,589	5,375	123,964	24
25	Federal Income	445,135	10,574	455,709	20,386	476,095	25
26	Total Taxes	780,307	20,117	800,424	30,593	831,017	26
27	Depreciation	1,023,100	37,329	1,060,428	37,504	1,097,933	27
28	Fossil Decommissioning	(30,046)	-	(30,046)	-	(30,046)	28
29	Nuclear Decommissioning	-	-	-	-	-	29
30	Total Operating Expenses	4,132,417	136,626	4,269,043	193,390	4,462,433	30
31	Net for Return	1,126,086	49,262	1,175,348	45,248	1,220,596	31
32	Rate Base	12,813,029	560,524	13,373,553	514,844	13,888,397	32
RATE OF RETURN:							
33	On Rate Base	8.79%	8.79%	8.79%	8.79%	8.79%	33
34	On Equity	11.35%	11.35%	11.35%	11.35%	11.35%	34
* = Nominal Dollars							
CPUC Jurisdictional Reveune Requirement:							
35	Total Revenue Requirement	5,258,503	185,888	5,444,391	238,637	5,683,028	35
36	CPUC Jurisdictional Factor	0.994747	0.994747	0.994747	0.994747	0.994747	36
37	CPUC Revenue Requirement	5,242,249	185,424	5,427,673	238,078	5,665,752	37

ATTACHMENT 1
TABLE 4
Pacific Gas and Electric Company
2007 General Rate Case - Application - JanUpdate-Pension Settlement
Electric Distribution Attrition
Results of Operations at Proposed Rates
(Thousands of Dollars)

Line No.	Description	Test Year	Attrition Year 2008		Attrition Year 2009		Line No.
		2007	Increase	Total	Increase	Total	
		(A)	(B)	(C)	(D)	(E)	
REVENUE:							
1	Revenue at Effective Rates	3,004,320	88,424	3,272,799	106,413	3,379,212	1
2	Less Non-General Revenue	90,027	-	90,027	-	90,027	2
3	General Rate Case Revenue	3,094,347	88,424	3,182,772	106,413	3,289,185	3
OPERATING EXPENSES:							
4	Energy Costs*	-	-	-	-	-	4
5	Other Production*	-	-	-	-	-	5
6	Storage*	-	-	-	-	-	6
7	Transmission*	726	16	741	18	759	7
8	Distribution*	504,675	8,075	512,750	10,390	523,140	8
9	Customer Accounts*	253,577	7,290	260,866	8,152	269,018	9
10	Uncollectibles	9,010	257	9,267	310	9,577	10
11	Customer Service*	3,373	103	3,476	115	3,591	11
12	Administrative and General*	358,387	13,462	371,849	16,468	388,317	12
13	Franchise Requirements	23,416	669	24,085	805	24,890	13
14	Project Amortization	-	-	-	-	-	14
15	Wage Change Impacts	-	-	-	-	-	15
16	Other Price Change Impacts	-	-	-	-	-	16
17	Other Adjustments*	(9,197)	-	(9,197)	-	(9,197)	17
18	Subtotal Expenses:	1,143,966	29,872	1,173,838	36,258	1,210,095	18
TAXES:							
19	Superfund	-	-	-	-	-	19
20	Property	91,280	3,933	95,213	3,615	98,828	20
21	Payroll	38,480	-	38,480	-	38,480	21
22	Business	390	-	390	-	390	22
23	Other	109	-	109	-	109	23
24	State Corporation Franchise	79,224	1,885	81,109	3,201	84,310	24
25	Federal Income	311,202	(994)	310,208	12,326	322,534	25
26	Total Taxes	520,685	4,824	525,509	19,142	544,651	26
27	Depreciation	678,736	28,891	707,627	29,035	736,662	27
28	Fossil Decommissioning	-	-	-	-	-	28
29	Nuclear Decommissioning	-	-	-	-	-	29
30	Total Operating Expenses	2,343,386	63,587	2,406,973	84,435	2,491,408	30
31	Net for Return	750,961	24,837	775,799	21,979	797,777	31
32	Rate Base	8,544,719	282,610	8,827,329	250,080	9,077,409	32
RATE OF RETURN:							
33	On Rate Base	8.79%	8.79%	8.79%	8.79%	8.79%	33
34	On Equity	11.35%	11.35%	11.35%	11.35%	11.35%	34
* = Nominal Dollars							
CPUC Jurisdictional Revenue Requirement:							
35	Total Revenue Requirement	3,094,347	88,424	3,182,772	106,413	3,289,185	35
36	CPUC Jurisdictional Factor	0.994747	0.994747	0.994747	0.994747	0.994747	36
37	CPUC Revenue Requirement	3,078,094	87,960	3,166,054	105,854	3,271,908	37
35	Proposed Return on Rate Base			8.79%		8.79%	35
36	Net-To-Gross Multiplier			1.799484		1.799484	36
37	Additional Revenue Requirements			(0)		(0)	37
38	Total Revenue Requirements			3,182,772		3,289,185	38

ATTACHMENT 1
TABLE 5
Pacific Gas and Electric Company
2007 General Rate Case - Application - JanUpdate-Pension Settlement
Electric Generation Attrition
Results of Operations at Proposed Rates
(Thousands of Dollars)

Line No.	Description	Test Year	Attrition Year 2008		Attrition Year 2009		Line No.
		2007	Increase	Total	Increase	Total	
		(A)	(B)	(C)	(D)	(E)	
REVENUE:							
1	Revenue at Effective Rates	1,070,230	65,274	1,138,024	99,551	1,237,575	1
2	Less Non-General Revenue	1,260	-	1,260	-	1,260	2
3	General Rate Case Revenue	1,071,490	65,274	1,136,764	99,551	1,236,315	3
OPERATING EXPENSES:							
4	Energy Costs*	-	-	-	-	-	4
5	Other Production*	451,771	23,913	475,684	58,809	534,493	5
6	Storage*	-	-	-	-	-	6
7	Transmission*	5,603	126	5,729	142	5,871	7
8	Distribution*	-	-	-	-	-	8
9	Customer Accounts*	-	-	-	-	-	9
10	Uncollectibles	3,120	190	3,310	290	3,600	10
11	Customer Service*	-	-	-	-	-	11
12	Administrative and General*	193,571	7,271	200,842	8,895	209,737	12
13	Franchise Requirements	8,108	494	8,602	753	9,355	13
14	Project Amortization	6,476	-	6,476	-	6,476	14
15	Wage Change Impacts	-	-	-	-	-	15
16	Other Price Change Impacts	-	-	-	-	-	16
17	Other Adjustments*	-	-	-	-	-	17
18	Subtotal Expenses:	668,649	31,994	700,643	68,889	769,532	18
TAXES:							
19	Superfund	-	-	-	-	-	19
20	Property	23,821	264	24,085	490	24,575	20
21	Payroll	21,711	-	21,711	-	21,711	21
22	Business	220	-	220	-	220	22
23	Other	61	-	61	-	61	23
24	State Corporation Franchise	14,588	2,224	16,811	1,823	18,634	24
25	Federal Income	55,267	9,945	65,212	6,679	71,891	25
26	Total Taxes	115,667	12,432	128,100	8,993	137,092	26
27	Depreciation	134,944	1,452	136,396	1,696	138,092	27
28	Fossil Decommissioning	(30,046)	-	(30,046)	-	(30,046)	28
29	Nuclear Decommissioning	-	-	-	-	-	29
30	Total Operating Expenses	889,215	45,878	935,093	79,577	1,014,670	30
31	Net for Return	182,275	19,396	201,671	19,974	221,645	31
32	Rate Base	2,073,997	220,693	2,294,689	227,268	2,521,958	32
RATE OF RETURN:							
33	On Rate Base	8.79%	8.79%	8.79%	8.79%	8.79%	33
34	On Equity	11.35%	11.35%	11.35%	11.35%	11.35%	34
* = Nominal Dollars							
CPUC Jurisdictional Revenue Requirement:							
35	Total Revenue Requirement	1,071,490	65,274	1,136,764	99,551	1,236,315	35
36	CPUC Jurisdictional Factor	1.000000	1.000000	1.000000	1.000000	1.000000	36
37	CPUC Revenue Requirement	1,071,490	65,274	1,136,764	99,551	1,236,315	37
35	Proposed Return on Rate Base			8.79%		8.79%	35
36	Net-To-Gross Multiplier			1.799484		1.799484	36
37	Additional Revenue Requirements			(0)		(0)	37
38	Total Revenue Requirements			1,136,764		1,236,315	38

ATTACHMENT 1
TABLE 6
Pacific Gas and Electric Company
2007 General Rate Case - Application - JanUpdate-Pension Settlement
Gas Distribution Attrition
Results of Operations at Proposed Rates
(Thousands of Dollars)

Line No.	Description	Test Year	Attrition Year 2008		Attrition Year 2009		Line No.
		2007	Increase	Total	Increase	Total	
		(A)	(B)	(C)	(D)	(E)	
REVENUE:							
1	Revenue at Effective Rates	1,092,665	32,190	1,124,856	32,673	1,157,529	1
2	Less Non-General Revenue	-	-	-	-	-	2
3	General Rate Case Revenue	1,092,665	32,190	1,124,856	32,673	1,157,529	3
OPERATING EXPENSES:							
4	Energy Costs*	-	-	-	-	-	4
5	Other Production*	-	-	-	-	-	5
6	Storage*	-	-	-	-	-	6
7	Transmission*	3,789	107	3,896	120	4,016	7
8	Distribution*	138,640	3,782	142,422	4,265	146,688	8
9	Customer Accounts*	180,114	5,135	185,249	5,742	190,992	9
10	Uncollectibles	3,112	92	3,203	93	3,296	10
11	Customer Service*	12,206	356	12,562	394	12,956	11
12	Administrative and General*	200,684	7,539	208,223	9,221	217,444	12
13	Franchise Requirements	10,355	305	10,660	310	10,970	13
14	Project Amortization	-	-	-	-	-	14
15	Wage Change Impacts	-	-	-	-	-	15
16	Other Price Change Impacts	-	-	-	-	-	16
17	Other Adjustments*	(2,460)	-	(2,460)	-	(2,460)	17
18	Subtotal Expenses:	546,441	17,315	563,757	20,146	583,902	18
TAXES:							
19	Superfund	-	-	-	-	-	19
20	Property	22,912	728	23,640	727	24,367	20
21	Payroll	21,933	-	21,933	-	21,933	21
22	Business	222	-	222	-	222	22
23	Other	62	-	62	-	62	23
24	State Corporation Franchise	20,160	509	20,669	351	21,019	24
25	Federal Income	78,666	1,623	80,289	1,381	81,670	25
26	Total Taxes	143,955	2,860	146,815	2,459	149,274	26
27	Depreciation	209,420	6,986	216,406	6,773	223,179	27
28	Fossil Decommissioning	-	-	-	-	-	28
29	Nuclear Decommissioning	-	-	-	-	-	29
30	Total Operating Expenses	899,816	27,161	926,977	29,378	956,355	30
31	Net for Return	192,849	5,029	197,878	3,295	201,174	31
32	Rate Base	2,194,314	57,221	2,251,535	37,496	2,289,030	32
RATE OF RETURN:							
33	On Rate Base	8.79%	8.79%	8.79%	8.79%	8.79%	33
34	On Equity	11.35%	11.35%	11.35%	11.35%	11.35%	34
* = Nominal Dollars							
CPUC Jurisdictional Revenue Requirement:							
35	Total Revenue Requirement	1,092,665	32,190	1,124,856	32,673	1,157,529	35
36	CPUC Jurisdictional Factor	1.000000	1.000000	1.000000	1.000000	1.000000	36
37	CPUC Revenue Requirement	1,092,665	32,190	1,124,856	32,673	1,157,529	37
35	Proposed Return on Rate Base			8.79%		8.79%	35
36	Net-To-Gross Multiplier			1.802847		1.802847	36
37	Additional Revenue Requirements			0		0	37
38	Total Revenue Requirements			1,124,856		1,157,529	38

ATTACHMENT 2
Pacific Gas and Electric Company
Pension Revenue Requirement
Unbundled Cost Category Summary
(Millions of Dollars)

Line No.	Unbundled Cost Categories	2006 UCC Factors <1>	2006	2007 - 2009 UCC Factors <2>	2007	2008	2009
1	Electric Distribution	43.71%	77.2	42.02%	75.1	77.8	81.2
2	Gas Distribution	19.56%	34.5	23.53%	42.1	43.6	45.5
3	Electric Generation	24.55%	43.3	22.70%	40.6	42.0	43.9
4	GRC Subtotal	87.82%	155.0	88.25%	157.8	163.4	170.5
5	Nuclear Decommissioning	0.43%	0.8	0.51%	0.9	0.9	1.0
6	Electric Transmission	6.57%	11.6	6.51%	11.6	12.1	12.6
7	Gas Transmission & Storage	5.18%	9.1	4.73%	8.5	8.8	9.1
8	Subtotal	12.18%	21.5	11.75%	21.0	21.8	22.7
9	Total Company	100.00%	176.5	100.00%	178.8	185.2	193.2

Notes:

<1> Reflects the rates approved in the 2003 GRC.

<2> Per 2007 GRC Application (A.05-12-002). See page 6-15 of the workpapers supporting chapter 6 of Exhibit (PG&E-2).

ATTACHMENT 3
Pacific Gas and Electric Company
Pension Revenue Requirement
Unbundled Cost Category Summary
(Millions of Dollars)

Line No.	Unbundled Cost Categories	2006 UCC Factors <1>	2006	2007 - 2009 UCC Factors <2>	2007	2008	2009
1	Electric Distribution	43.71%	77.2	42.02%	46.8	48.4	50.5
2	Gas Distribution	19.56%	34.5	23.53%	26.2	27.1	28.3
3	Electric Generation	24.55%	43.3	22.70%	25.3	26.2	27.3
4	GRC Subtotal	87.82%	155.0	88.25%	98.2	101.7	106.1
5	Nuclear Decommissioning	0.43%	0.8	0.51%	0.6	0.6	0.6
6	Electric Transmission	6.57%	11.6	6.51%	7.2	7.5	7.8
7	Gas Transmission & Storage	5.18%	9.1	4.73%	5.3	5.4	5.7
8	Subtotal	12.18%	21.5	11.75%	13.1	13.5	14.1
9	Total Company	100.00%	176.5	100.00%	111.3	115.2	120.3

Notes:

<1> Reflects the rates approved in the 2003 GRC.

<2> Per 2007 GRC Application (A.05-12-002). See page 6-15 of the workpapers supporting chapter 6 of Exhibit (PG&E-2).

Kenney, Timothy

From: Niven, Andrew (Law) [ALN2@pge.com]
Sent: Friday, April 28, 2006 11:55 AM
To: Kenney, Timothy
Cc: keith.mccrea@sabl原因.com; jimross@r-c-s-inc.com; dhuard@manatt.com; pucservice@manatt.com; rochelle@a4nr.org; norman.furuta@navy.mil; mdjoseph@adamsbroadwell.com; mdjoseph@adamsbroadwell.com; hayley@turn.org; joe.como@sfgov.org; freedman@turn.org; nes@a-klaw.com; jsqueri@gmssr.com; edwardoneill@dwt.com; Golden, Patrick (Law); Service@spurr.org; dforkel@deltawetlands.com; phanschen@mofo.com; carriec@greenlining.org; pucservice@dralegal.org; clyde.murley@comcast.net; joyw@mid.org; gayatri@jbsenergy.com; jweil@aglet.org; rob@clfp.com; atrowbridge@downeybrand.com; atrowbridge@downeybrand.com; lmh@eslawfirm.com; pj@eslawfirm.com; rliebert@cbbf.com; deb@a-klaw.com; zango@zimmerlucas.com; eyussman@knowledgeinenergy.com; kjsimonsen@ems-ca.com; PUCservice@manatt.com; asteinberg@semprautilities.com; jpong@sempra.com; mk@utilitycostmanagement.com; james.lehrer@sce.com; KMelville@sempra.com; mrafferty805@charter.net; pk@utilitycostmanagement.com; attys@wellingtonlaw.com; annadel.almenbras@boj.ca.gov; clarence.binninger@doj.ca.gov; john.hughes@sce.com; scasey@sfgwater.org; filings@a-klaw.com; Niven, Andrew (Law); Moglia, Karen; Lamboy, Sandy; mmattes@nossaman.com; judypau@dwt.com; Shefler, Deborah (Law); jbattey@stewardshipcouncil.org; raj.pankhania@ci.hercules.ca.us; dbeyer@ebmud.com; mrw@mrwassoc.com; dmarcus2@sbcglobal.net; rschmidt@bartlellwells.com; robertg@greenlining.org; wendy@econinsights.com; chrism@mid.org; johnrredding@earthlink.net; cmkehrrein@ems-ca.com; dgeis@dolphingroup.org; glw@eslawfirm.com; karen@klindh.com; david_white@transcanada.com; rwethera@energy.state.ca.us; Niven, Andrew (Law); Heiden, Gregory; Tudisco, Laura J.; Angelopulo, Paul; Los Angeles Docket; Ayanruoh, Bernard; Tang, Clayton K.; Lafrenz, Donald J.; Cadenasso, Eugene; Econome, Janet A.; Martin, Laura A.; Strain, Laura Lei; Rashid, Rashid A.; Pocta, Robert M.; St. Marie, Stephen; Kenney, Timothy; Burns, Truman L.
Subject: Settling Parties' response to ALJ Kenney questions regarding pension settlement in A.05-12-021 & A05-12-002

<<ALJ Kenney questions 042506 final.doc>>
ALJ Kenney,

Attached are the responses on behalf of PG&E, DRA, and CCUE to the questions you asked in your email dated April 25, 2006, regarding the pension settlement in A.05-12-021 and A.05-12-002.

Andy Niven

Responses to ALJ Kenney's "A.05-12-021 & A.05-12-002 Questions Regarding the Pension Settlement Agreement" dated April 25, 2006:

The pension Settlement Agreement states that "the Commission should establish a two-way balancing account for differences between authorized contributions to the trust and 1) lower contributions for any reason or 2) federally mandated higher contributions." (Exhibit 2, page 9, Item 1.) Can PG&E please respond, on behalf of the Settling Parties, to the following questions regarding the two-way balancing account:

1. Does the balancing account accrue interest? If so, at what rate?

Response: The two-way balancing account would accrue interest at the same short-term rates used by PG&E for other balancing accounts, which is the three-month Commercial Paper rate for the previous month, as reported in the Federal Reserve Statistical Release.

2. When, and over what period, will any balance be amortized?

Response: The balance, if any, in the balancing account will be amortized annually in conjunction with the Annual Electric True-Up and Annual Gas True-Up filings.

3. Is it expected that the Commission will conduct a reasonableness review? If so, when and in what forum?

Response: No, it is not expected that the Commission will conduct a reasonableness review. Pursuant to Additional Condition No. 7 (p. 10) of the Settlement Agreement, PG&E will file an annual report with the Commission, with service to DRA and CCUE verifying the amount of pension contributions and dates that the contributions were made. It is expected that in the course of the audit of the Annual Electric True-Up and Annual Gas True-Up filings, the Commission's Utility Audit, Finance, and Compliance Branch will review, verify, and if necessary have the Commission adjust the balances in all accounts authorized for recovery, including the balance, if any, in the pension-related two-way balancing account. DRA can also review the advice letter filings to ensure consistency with the settlement provisions and the pension contributions as set forth in the annual report to the Commission.

4. The balancing account does not appear to address the disposition of the difference, if any, between actual contributions and the contributions collected in rates. If PG&E contributes less than the amount collected, will the difference be flowed through to rates? If so, when? Similarly, if PG&E contributes more than the amount collected (due to ERISA requirements or an undercollection of authorized contributions), will the difference be flowed through to rates? If so, when?

Response: The balance in the two-way balancing account would be recovered or refunded in rates in the Annual Electric True-Up and Annual Gas True-Up. The changes will be reflected in the Distribution Revenue Adjustment Mechanism (DRAM), Utility Generation Balancing Account (UGBA), Core Fixed Cost Account (CFCA), and Non-core Distribution Fixed Cost Account (NDFCA).

Kenney, Timothy

From: Niven, Andrew (Law) [ALN2@pge.com]
Sent: Friday, April 28, 2006 5:03 PM
To: Kenney, Timothy
Cc: keith.mccrea@sabl原因.com; jimross@r-c-s-inc.com; dhuard@manatt.com; pucservice@manatt.com; rochelle@a4nr.org; norman.furuta@navy.mil; mdjoseph@adamsbroadwell.com; mdjoseph@adamsbroadwell.com; hayley@turn.org; joe.como@sfgov.org; freedman@turn.org; nes@a-klaw.com; jsqueri@gmssr.com; edwardoneill@dwt.com; Golden, Patrick (Law); Service@spurr.org; dforkel@deltawetlands.com; phanschen@mofo.com; carrie@greenlining.org; pucservice@dralegal.org; clyde.murley@comcast.net; joyw@mid.org; gayatri@jbsenergy.com; jweil@aglet.org; rob@clfp.com; atrowbridge@downeybrand.com; atrowbridge@downeybrand.com; lmh@eslawfirm.com; pj@eslawfirm.com; rliebert@cfbf.com; deb@a-klaw.com; zango@zimmerlucas.com; eyussman@knowledgeinenergy.com; kjsimonsen@ems-ca.com; PUCservice@manatt.com; asteinberg@semprautilities.com; jpong@sempra.com; mk@utilitycostmanagement.com; james.lehrer@sce.com; KMelville@sempra.com; mrafferty805@charter.net; pk@utilitycostmanagement.com; attys@wellingtonlaw.com; annadel.almenbras@boj.ca.gov; clarence.binninger@doj.ca.gov; john.hughes@sce.com; scasey@sfgwater.org; filings@a-klaw.com; Niven, Andrew (Law); Moglia, Karen; Lamboy, Sandy; mmattes@nossaman.com; judypau@dwt.com; Shefler, Deborah (Law); jbattey@stewardshipcouncil.org; raj.pankhania@ci.hercules.ca.us; dbeyer@ebmud.com; mrw@mrwassoc.com; dmarcus2@sbcglobal.net; rschmidt@bartlewells.com; robertg@greenlining.org; wendy@econinsights.com; chrism@mid.org; johnrredding@earthlink.net; cmkehrein@ems-ca.com; dgeis@dolphingroup.org; glw@eslawfirm.com; karen@klindh.com; david_white@transcanada.com; rwethera@energy.state.ca.us; Niven, Andrew (Law); Heiden, Gregory; Tudisco, Laura J.; Angelopulo, Paul; Los Angeles Docket; Ayanruoh, Bernard; Tang, Clayton K.; Lafrenz, Donald J.; Cadenasso, Eugene; Econome, Janet A.; Martin, Laura A.; Strain, Laura Lei; Rashid, Rashid A.; Pocta, Robert M.; St. Marie, Stephen; Kenney, Timothy; Burns, Truman L.
Subject: Settling Parties' response to ALJ Kenney's April 28 questions regarding pension settlement in A.05-12-021 & A05-12-002

<<ALJ Kenney questions 042806.doc>>
ALJ Kenney,

Attached are the responses on behalf of PG&E, DRA, and CCUE to the questions you asked in your email earlier today regarding the pension settlement in A.05-12-021 and A.05-12-002.

Andy Niven

Responses of Settling Parties to ALJ Kenney's "A.05-12-002 & A.05-12-021 Additional Questions re: Pension Settlement Agreement" dated April 28, 2006:

Can PG&E please respond, on behalf of the Settling Parties, to the following questions regarding the Settlement Agreement:

1. The Settlement calls for PG&E to file an annual report regarding its pension contributions. (Exhibit 2, p. 10, Item 7) When will the report be filed? It seems the report should be filed sometime after January 15th, which is when the last pension contribution is due for the prior calendar year (Id., Item 6.)

Response: PG&E would file a report showing the dates and amounts of contributions for the prior year no later than February 15 of the current year. For example, for 2006 PG&E would file the report by February 15, 2007.

2. The Settlement calls for the establishment of a new 2-way balancing account. (Id., p. 9, Item 1) Does PG&E need to file an advice letter to establish the balancing account? If so, when should the advice letter be filed?

Response: PG&E would need to file an advice letter to establish the two-way balancing account proposed in the Settlement. PG&E will confer with the other Settling Parties on the format and description of the provisions of the balancing account. This may take 60 days or more from the date of a final Commission decision on Application 05-12-021.

(END OF APPENDIX A)